

VZCZCXRO4256
PP RUEHDBU
DE RUEHMO #4828/01 2751230
ZNY CCCCC ZZH
P 021230Z OCT 07
FM AMEMBASSY MOSCOW
TO RUEHC/SECSTATE WASHDC PRIORITY 4312
INFO RUCNCIS/CIS COLLECTIVE PRIORITY
RUEHZG/NATO EU COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 MOSCOW 004828

SIPDIS

SIPDIS

E.O. 12958: DECL: 10/01/2017
TAGS: [PREL](#) [PINR](#) [PBTS](#) [MARR](#) [OSCE](#) [MD](#) [RS](#)
SUBJECT: RUSSIA AT A LOSS ON HOW TO BREAK IMPASSE IN
TRANSNISTRIA TALKS

REF: MOSCOW 674

Classified By: POLITICAL M/C ALICE G. WELLS FOR REASONS 1.4 (B,D).

11. (C) Summary: Although Russia has observed an improvement in its bilateral ties with Moldova, the GOR remains frustrated with its inability to pressure Chisinau into a compromise on the Transnistria conflict. Russia's de facto import ban on Moldovan wine and Putin's increasingly frequent one-on-one talks with Voronin have failed to produce any measurable results. Russia places the blame for the stalemate on the shoulders of Voronin and the West. MFA Transnistria Negotiator Nesterushkin, who had just returned from his meetings in Washington with EUR DAS David Kramer, told us that Russia was pleased with the USG's recent decision to allow a meeting between Ambassador Kirby and senior Transnistrian leaders in Tiraspol, but attributed Voronin's "hardened negotiating position" to perceived unwavering support from the U.S. and EU. Noting OSCE CiO Moratinos' planned October 7-8 trip to Chisinau and Tiraspol, Nesterushkin argued that the USG and EU should encourage Voronin to accept Tiraspol's demand for economic independence and a confederate political arrangement. Until a political settlement is reached, the MFA reaffirmed that Russia will not withdraw its peacekeeping forces, as envisioned under the CFE parallel action plan. End summary.

Positive Trends in Bilateral Ties

12. (C) MFA Moldova Section Chief Oleg Rogoza told us on September 27 that Russia's relationship with Moldova revolves around two issues -- development of economic ties and resolution of the Transnistria conflict. On the bilateral track, Rogoza noted some positive developments. The Russia-Moldova Intergovernmental Commission will meet in October, although the level of representation -- i.e., at the level of president or foreign minister -- has yet to be determined. The aim of the next IGC meeting is to develop ways to boost trade and Russian investment in Moldova. Noting that trade in 2006 was around \$900 million and is expected to reach \$1 billion in 2007, Rogoza said there is great potential for further economic cooperation. Russian capital in Moldova remains a paltry \$200 million, but the GOR is optimistic that the next IGC meeting will also stimulate movement in this area.

13. (C) The MFA expects Moldova will raise the thorny issue of Russia's import ban on Moldovan wine. Russia says it has already re-registered 17 Moldovan wine companies since the ban went into effect in Spring 2006, but Rogoza maintained that the re-registration of these companies was only because "the GOR had thoroughly inspected the quality of these companies' products" (and not because these 17 companies belong to Russian nationals). The remaining 83 or so Moldovan-national wine producers have yet to meet Russian requirements. (Note: Approximately 80% of Moldovan wine was

exported to Russia prior to the ban. End note.) Moldova refuses to allow the 17 Russian-national wine producers to export their wine to Russia until Russia certifies all Moldovan wine producers, but Rogoza said such "stubbornness" only hurts Moldova, as the GOR has already observed a significant reduction in Moldova's niche in the Russian wine market.

But Nothing Like What They Used To Be

¶4. (C) Since Voronin rejected the Russian-backed Kozak Plan and made a strategic decision to strengthen ties with the West in 2003, MFA officials said Russia's relationship with Moldova quickly moved from brotherly to adversarial, and only recently has shifted to "pragmatic." Russia regrets the fundamental shift in the relationship with Chisinau, but Rogoza said the GOR is learning to adjust to "the new realities." For example, Putin, who "was deeply disappointed" with Voronin's rejection of the Kozak Plan, has met with Voronin three times in the past year, and they will probably meet again on the margins of the upcoming CIS Summit in Dushanbe. Rogoza hesitated to describe the relationship as strong, noting that "Voronin has yet to regain Putin's full confidence and trust." Instead, Rogoza said that Putin and Voronin focus their conversations on specific issues of mutual concern, which mainly include economic cooperation and Transnistria.

Chisinau's Handling of Transnistria Sours Bilateral Ties

¶5. (C) Despite Russia's efforts to separate the bilateral ties from disagreements over Transnistria, MFA officials do

MOSCOW 00004828 002 OF 003

not hide the clear linkage. "Now that Voronin and Putin are talking again," Rogoza said Putin's main talking point is to pressure Chisinau to reach an agreement with Tiraspol on Transnistria. Russia blames Chisinau, the EU, and USG on the lack of progress in the 5 2 negotiations. MFA Transnistria Negotiator Ambassador Nesterushkin, who had just returned from his meetings with EUR DAS David Kramer in Washington, told us on October 1 that Chisinau and Tiraspol have not returned to the negotiating table, mainly because Voronin is only interested in "sabotaging" the talks. Nesterushkin was not optimistic about Spanish FM and OSCE CiO Moratinos' planned October 7-8 trip to Chisinau and Tiraspol, in part because of Voronin's "likely behavior." When pressed, Rogoza and Nesterushkin acknowledged that Smirnov is a "tough and stubborn interlocutor." Even though Tiraspol walked away from the 5 2 negotiations, the MFA insists that Voronin needs to take the first step to normalize relations with Smirnov (and with Russia).

Chisinau Must Recognize Tiraspol's "Legitimate Concerns"

¶6. (C) MFA officials insist that Tiraspol does not seek independence. When we pointed to the holding of numerous referenda to declare Transnistria's desire for independence or union with Russia, Rogoza and Nesterushkin argued that these calls for referenda are only in response to Chisinau's "unilateralist approach" to Transnistria. Nesterushkin said that he tried to make clear to DAS Kramer and visiting U.S. Ambassador to Moldova Kirby that if Chisinau were to address Tiraspol's "legitimate concerns" and accord it "equal partnership status" in the negotiation process, Tiraspol (with Russia's prodding, if necessary) would immediately return to the negotiating table. Nesterushkin commented that the USG recently took a positive step in this regard by allowing Ambassador Kirby to meet with senior Transnistrian leaders; he suggested the USG take the next "logical" step by authorizing a meeting with Smirnov.

Condition #1: Economic Independence

17. (C) MFA officials asserted that Transnistria's economic independence is of utmost importance to the Smirnov government. Tiraspol refuses to return to the negotiating table until Chisinau adheres to the 1997 Memorandum of Understanding on Tiraspol's independent trade policy and annuls its 2006 agreement with Kyiv on the blocking of all exports by Transnistrian companies that have not been registered by Moldovan authorities. The MFA concedes that more than 300 Transnistrian companies have already registered with the Moldovan authorities, but Tiraspol fears that in the absence of any written agreement Chisinau could decide to retain all or part of the tax proceeds that it currently returns to Tiraspol. Russia firmly supports Tiraspol's position that Transnistria maintain its economic independence, given that Transnistrian economic activity allegedly accounts for 30% of Moldova's GDP and that for the last 15 years Transnistria has not received budgetary support from Chisinau.

Condition #2: Confederation Structure

18. (C) Rogoza posited that Chisinau's attempts to apply the "autonomy model" of Gagauzia Autonomous Territory to Transnistria -- i.e., a regional president and legislature in exchange for Chisinau's full administrative and financial control over the territory -- is unfeasible for Tiraspol. Nesterushkin added that based on his recent conversations with senior Transnistrian leaders, anything less than a genuine confederate system is a non-starter for the Smirnov government. Strongly suggesting that economic independence is more important than political independence for the Transnistrians, Nesterushkin said he does not understand why the USG and EU are defending Voronin's insistence on a unitary form of government. Nesterushkin claimed Smirnov would be willing to return to the 5 2 talks if "any or all variants of a power sharing scheme" was put back on the negotiating table.

CFE Parallel Action Plan Secondary to Settlement

19. (C) Rogoza and Nesterushkin said that the impasse between Chisinau and Tiraspol has a direct impact on Russia's acceptance of the U.S.-proposed parallel action plan for Russia's continued observance of the CFE Treaty and the Allied Countries' adoption of the Adapted CFE Treaty. Rogoza said Russia will not "abdicate its responsibility" to the Transnistrians by agreeing to any troop and munitions

MOSCOW 00004828 003 OF 003

extraction plan without the consent of Tiraspol. In response to our observation that Russia, and not Smirnov, has jurisdiction over Russian forces and assets in Transnistria, Nesterushkin maintained that Russia fully shares Tiraspol's concern that in the absence of Russian PKF Chisinau could decide to take control of Tiraspol by force. Tiraspol needed a firm guarantee that Chisinau would not take such a step, and the only acceptable form of assurance would be a favorable resolution on the status of Transnistria. Nesterushkin stressed that the GOR would seriously consider an internationalization of the peacekeeping operation only after a political settlement, although he doubted an internationalized PKF would be "as effective" as the Russian PKF.

110. (C) Moreover, the MFA officials claimed that there was a good measure of "trickery" involved in the proposed parallel action plan. Chisinau and the West "fail" to recognize the 1992 agreement signed between Russia and Moldova over the presence of joint Russian, Transnistrian, Moldovan, and Ukrainian peacekeeping forces (PKF). Rogoza argued that the approximately 1,400 PKF and ammunition warehouse protectors have a legal right to be there, and thus far, Moldova has not

officially pulled out of the 1992 agreement. Nesterushkin asserted that, despite pressure from the West, Chisinau fears the withdrawal of Russian PKF without a political settlement with Tiraspol would undermine the "relative calm" along the Moldova-Transnistria border.

Comment

¶11. (C) As we've reported earlier (reftel), Russia wants to solve Transnistria and improve ties with Chisinau, but only on its terms. Russia will keep calling for all sides to return to the negotiating table, and will pay lip service to Spanish FM and OSCE CiO Moratinos' October 7-8 trip to Chisinau and Tiraspol, but will continue to use economic pressure and pointed one-on-one talks with Voronin to press Chisinau to take the first step back towards Russia.
Burns